

Message Text

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WARREN W GLICK, ACTING EXECUTIVE VP

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

UNCLAS STATE 102396

E.O. 11652: N/A

TAGS: APUB, BR

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO BRAZIL

FOR YOUR INFORMATION ONLY, FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF \$1,380,000 TO FORJAS ACESITA S.A. OF BELO HORIZONTE, BRAZIL. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, DC FOR AM PAPER, WEDNESDAY, MAY 14, 1975.

QUOTE: EXPORT-IMPORT BANK CREDIT OF \$1,380,000 HELPS FINANCE U.S. EQUIPMENT SALE OF \$4.6 MILLION FOR BRAZILIAN STEEL PLANT

TO HELP FINANCE A \$4.6 MILLION SALE OF U.S. GOODS AND SERVICES REQUIRED FOR EQUIPPING A STEEL FORGING PLANT TO PRODUCE PARTS FOR THE AUTOMOBILE AND TRACTOR INDUSTRY IN BRAZIL, THE BOARD OF UNCLASSIFIED

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DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES HAS

AUTHORIZED A DIRECT CREDIT OF \$1,380,000 TO FINANCE 30 PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAM J. CASEY. A CREDIT OF \$2,760,000 FROM BANK OF AMERICAN, SAN FRANCISCO, CALIFORNIA, WILL FINANCE 60 PERCENT OF THE TOTAL U.S. COSTS. THE OBLIGOR, FORJAS ACESITA S.A. OF BELO HORIZONTE, BRAZIL, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR \$460,000.

THE PROJECT IS FOR THE DESIGN, CONSTRUCTION AND EQUIPPING OF A STEEL FORGING PLANT TO BE LOCATED IN SANTA LUZIA, ABOUT 10 MILES NORTHEAST OF BELO HORIZONTE, AT AN ESTIMATED TOTAL COST OF ABOUT \$54 MILLION. THE RECENTLY FORMED COMPANY, FORJAS ACESITA, WHICH IS OWNED BY ACOS ESPECIAIS ITABIRA-ACESITA, A WELL ESTABLISHED MANUFACTURER OF SPECIAL STEELS AND BY THE JAPANESE SUMITOMO GROUP, WILL PRODUCE PARTS PRINCIPALLY FOR THE AUTOMOBILE AND TRACTOR INDUSTRY.

U.S. PURCHASES WILL INCLUDE DISCHARGE MACHINES, FORGING PRESSES, SHOT BLAST CONVEYORS AND OTHER STEEL FORGING EQUIPMENT.

THE LOANS ARE TO BE REPAID IN 14 SEMIANNUAL INSTALLMENTS BEGINNING MAY 10, 1977. EXIMBANK'S DIRECT CREDIT OF \$1,380,000 WILL BE REPAID OUT OF A PORTION OF THE 10TH INSTALLMENT AND ALL OF INSTALLMENTS

11 THROUGH 14, WITH INTEREST AT THE RATE OF 8 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM PRIVATE SOURCES RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 8.7 PERCENT TO 8.95 PERCENT PER ANNUM. REPAYMENT OF THE LOANS IS TO BE GUARANTEED BY BANCO DO BRASIL. UNQUOTE. KISSINGER

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TAGS: APUB, BR
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